

**STATEMENT OF
CHAIRWOMAN JESSICA ROSENWORCEL**

Re: *Updating the Inter-carrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket No. 18-155, Second Report and Order (April 20, 2023).

For decades, a Byzantine system of hidden subsidies helped keep prices down and phone service available for consumers in rural areas—but its complexity also created opportunities for gaming the system. In 1996, Congress passed the Telecommunications Act and directed this agency to update the system. That meant making once-implicit subsidies explicit, moving to a bill-and-keep regime where carriers’ own customers support networks, and supporting carriers in expensive-to-serve rural areas with the universal service high-cost program.

If that sounds complicated, well, it is. Because the agency has been hard at work on that task ever since. We have come a long way, but there are still some entities determined to exploit this system. In particular, some companies artificially pump phone traffic to remote locations where they receive extra fees for terminating calls. Now that we have identified this loophole, we need to shut it down—and that is exactly what we do here. As complex as this is, our goal is simple: to make the system fairer and more efficient for everyone who pays a phone bill.

Thank you to the staff responsible for this effort, including Susan Bahr, Allison Baker, Ahuva Battams, Callie Coker, Lynne Engledow, Trent Harkrader, Heather Hendrickson, Edward Krachmer, Albert Lewis, Jodie May, Michael Nemcik, Jordan Marie Reth, Marvin Sacks, Michelle Slater, Gil Strobel, and Raphael Sznajder from the Wireline Competition Bureau; Stacy Jordan, Eugene Kiselev, Richard Kwiatkowski, Giulia McHenry, Eric Ralph, Michelle Schaefer, and Shane Taylor from the Office of Economics and Analytics; James Carr, Sarah Citrin, Michele Ellison, Andrea Kearney, Richard Mallen, William Richardson, William Scher, Jeffrey Steinberg, and Derek Yeo from the Office of General Counsel; Anthony DeLaurentis, Loyaan Egal, Lisa Griffin, and Rosemary McEnery from the Enforcement Bureau; and Cara Grayer and Joy Ragsdale from the Office of Communications Business Opportunities.